433, 162, 464, 439

Egypt	MR1
Turkey	MB1
Iraq	MH1
Syria	MD1
Lebanon	ME1
Historical Palestine	MF2
Israel	MF1

/For an account of the economic effects of industrialization after World War II and information on industrial output in countries of the Middle East, see 66: Bonne, M1 Middle East, category 116 as follows: Egypt - pp. 293-298, p. 309, Turkey - pp. 298-300, 307-308, Syria and Lebanon - pp. 300-302, 309-310, Palestine - pp. 302-304, Israel - pp. 310-311./

121 I. Goods and Services.
- A. Merchandise
- B. Non-Monetary Gold
- C. Foreign Travel
- D. Transport and Insurance
- E. Investment Income
- F. Government Expenditures (not included elsewhere)
- G. Miscellaneous Services

II. Donations and Capital Movements.
- A. Emigrants' Remittances and Transfers
- B. Charitable and Cultural Institutions
- C. Government
- D. Capital Movements

III. Compensatory Financial Operations.

[127] Whenever possible, use has been made of available official information, after suitable corrections and adjustments. Very often, however, the lack of data in various sectors of the economy has necessitated private inquiries which sometimes took the form of supplementary independent surveys. Thus a five-month survey was made of the important summer resort industry, *estivage*, and of tourist expenditures.

The years 1951 and 1952 have been chosen for purposes of this study, as they constitute the only twelve-month periods for which there are complete trade figures for Lebanon alone and for [439] which final government budget accounts are available. Prior to March 1950, Lebanon formed a customs union with Syria, and trade returns of the two countries were combined. The lack of proper records makes it impossible to estimate even approximately the share of each country at that time in total exports and imports. When the customs union was terminated on March 13th, 1950, Lebanon established its own customs, started recording its commercial transactions and embarked on an independent trade and exchange policy. This development makes a preliminary computation of Lebanon's balance of payments not only possible but also necessary if the effects of the new policy are to be properly appraised.

128 The results obtained in this study have been summarized in the following tables in both abridged and standard forms. An

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Merchandise Trade

Data on foreign trade has been taken from the Customs' records. Published annually, this data includes all merchandise trade except:-

1. Goods not constituting exchanges between Lebanon and a foreign country, such as sea food caught off coastal waters, salvaged goods, goods confiscated or abandoned, and sold by the Customs.

2. Travelers' baggage, immigrants' and emigrants' belongings, and other such items not possessing the characteristics of commodity trade.

3. Minor imports and exports of nominal value, especially those sent by post, such as merchandise samples, gifts and goods valued under LL. 5.00, books, etc.

4. Special governmental purchases, including imports of military equipment.

5. Goods imported by foreign embassies and missions and by the United Nations Relief and Works Agency (UNRWA).

6. Imports of specified concessionnaires.[1]

Imports are recorded at the Customs under the appropriate commodity sections and country headings; the entries are based on the declaration of the importer and on the invoice presented when the goods are withdrawn from the warehouses. All the work is done without the use of machines. The present lack of adequate facilities not only leads to many errors in calculation, occasions great waste in time and energy and delays publication, but also makes the preparations of new tabulations extremely difficult and time-consuming; whenever new information has been needed, as was the case for the quarterly tabulation of trade by country, it has been necessary to go back to the original Customs registers where imports are recorded.

The major adjustments which had to be made to the Customs figures have been for (1) coverage and (2) valuation. The following discussion treats each of these categories, and indicates the nature and type of adjustments actually made.

[1] These imports, as well as those of UNRWA, are recorded separately at the Customs.

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A. Adjustment for Coverage

As noted above, Customs figures of imports and exports do not include personal effects of travelers and goods of nominal value. It has not been thought necessary to make any adjustment to account for these relatively small items. However, adjustments have been made with respect to the following:-

a. **Re-exports:** Re-exports in Lebanon are of two types: (i) those which have paid a duty upon entering the country and have thus been recorded as imports, the duty being refunded when the goods are re-exported (cf. Table 1) and (ii) those which have been re-exported directly from the Customs warehouses (cf. Table 2). For balance of payments purposes only re-exports in (i) have been added to the Customs export figures since they already appear as imports and it has been impossible to isolate them; those in (ii) have been considered as part of the transit trade.

b. **Gold:** Gold movements (bullion and coins) are included in Customs statistics and are often recorded at a fictitious value; as there is no import duty on gold, the government does little to enforce proper declaration and recording. In dealing with this problem, the value of gold has been deducted from foreign trade figures, its quantity by weight determined, and revaluation made on the basis of quarterly free market gold prices. The new estimated values have then been set aside for inclusion in the final tabulation under non-monetary gold movements.

c. It was discovered that foreign banknotes imported have been inadvertently recorded as merchandise imports. Their value in 1951 amounted to over 7.3 million Lebanese pounds (cf. Table 3). This item has been isolated from the merchandise figures for inclusion under capital movements.

d. Imported motion picture films are also included in merchandise imports, being given a fictitious value. As most films are not purchased, but enter the country on a rental basis, this item has also been isolated and excluded from trade returns (cf. Table 4).

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e. **Concessions:** The Lebanese Government has entered into special agreements with some foreign concessionnaires thereby allowing them to import certain commodities and

equipment free of duty. These companies may be conveniently divided into two categories according to their main center of interest and operation. 437 471

i. Some companies, like the Beirut Port Company, center their activities in Lebanon.

ii. Others are branches of foreign companies undertaking particular functions which are only a part of major operations abroad. Their local concession gives them some privileges of extraterritoriality; their activities are considered as taking place outside the country, as it were, in a free zone. The Iraq Petroleum Company is in this category.

It is probably because of this distinction between the two types of companies that their imports are recorded differently at the Customs. Whereas imports of companies in (i) are combined with general imports, imports of companies in (ii) are recorded separately. For balance of payments purposes, such a distinction is meaningful; imports by foreign companies in (ii) should be excluded as they do not constitute a drain on the country's foreign exchange resources. On the other hand, imports of companies under (i) should be assimilated to private imports, as these companies, although foreign, pay for their purchases abroad from local earnings. 437[1] 681 439

f. Imports of foreign embassies and missions, and imports of the United Nations Relief and Works Agency, whether destined for consumption in Lebanon or for shipment to other countries, have also been left separate for the same reasons as for imports of concessionnaries under (ii) above.

g. It would have been good to isolate also government imports and to include them under "government expenditures". However, this proved an impossible task as ordinary government imports are usually made through private dealers and are entered as private imports in the Customs records. On the other hand, government imports of military equipment are not recorded at all at the Customs, and no estimates of their value could be obtained.

Supplementary adjustments have also been made to account for "unrecorded transactions". This expression is here used to

3:Fei and Klat S-4 (1951-52)1954 MEI Lebanon MEI

3457 439 651 cover smuggling and genuine trade operations not declared at the Customs frontiers.

a. **Smuggling**: Smuggled goods may be conveniently divided into (i) merchandise, (ii) narcotics and (iii) gold. It was decided to estimate the value of smuggling in each one of the three categories on the basis of cases caught by the Customs authorities. All contraventions of Customs regulations are in fact entered into special registers, giving particulars on the date, place and nature of the contravention, the means employed, the quantity and value of goods seized, the fine imposed and the conditions of settlement. For 1951 there are over 6000 entries and for 1952 about 5000. However, not all these entries could be considered as willful cases of smuggling; some obviously refer to cases of violations of Customs regulations due to the trader's ignorance of these regulations. Such cases have of course been excluded from consideration for the evaluation of total smuggling. All goods seized are subsequently recorded as merchandise trade by the Customs authorities.

i) Export smuggling of merchandise in Lebanon is normally much larger than import smuggling, mainly because of the country's entrepot position. In 1951 and 1952, most of the import smuggling came from Syria and consisted mainly of tobacco, hosiery, linen, cattle and *samne* (cooking fat), the latter especially during the second half of 1952. The value of smuggled goods seized amounted to about LL. 477,000 in 1951 and LL. 310,000 in 1952. However, private conversations with Customs officials and merchants would indicate that actual import smuggling was at least five times the volume of cases detected; this would make total import smuggling of merchandise about LL. 2.4 million in 1951 and over LL. 2.6 million in 1952.

Goods smuggled out of Lebanon went mainly to Israel and Syria; the merchandise seized is estimated at LL. 133,336 in 1951 and LL. 65,028 in 1952. Customs officials believe that it would be fair to assume that only 2% of the smuggled goods were actually detected. On that assumption export smuggling of merchandise was LL. 6.7 million in 1951 and LL. 3.3 million in 1952.

ii) Very little narcotics is smuggled into Lebanon; the Cus-

toms record of detected cases (mainly of opium brought in by small boats from Turkey) is really negligible; on the other hand, a large amount of *hashish* is smuggled out of Lebanon with Egypt as the main destination. Customs registers indicate quantities seized valued at LL. 152,922 in 1951 and LL. 366,212 in 1952; it is not unlikely, however, that as in the case of merchandise export smuggling, actual traffic was at least 50 times greater, with a value of over LL. 7.6 million in 1951 and LL. 18.3 million in 1952.

iii) As gold movements are not considered a part of merchandise trade, gold smuggling is discussed in a later section, under non-monetary gold movements.

h. **Other unrecorded transactions**: These represent local purchases of small traders from neighbouring countries (e.g. Syria, Turkey and Jordan) who often come to Beirut either to fill specific orders of their customers or to replenish their stocks. The traders take back the purchased goods with them without recording them as exports at the Lebanese Customs. Articles involved in this traffic consist mainly of imported jewelry, perfumes, cosmetics, expensive women's and men's apparel and, in general, any luxury goods that can be easily carried. A private investigation among the main Beirut shops that cater for this business reveals that probably as much as LL. 5 million is spent on it annually by foreign traders.

B. Adjustments for Valuation

1. Customs statistics for imports are given CIF and exports FOB. Moreover, although all imports are paid for in foreign currency bought in the free market, the Customs Administration records them in local currency, the conversion being made at the official rate of exchange, whenever official rates exist. In fact the Exchange Office has fixed such rates for fifteen foreign currencies (cf. Table 5) whose free market value may be anywhere from 30% to 80% higher than the official rate. Only in the rare cases when an official rate does not exist, is the free market rate used as a basis for conversion into local currency.

a. **CIF Values**. As imports at the Customs are recorded CIF, an attempt has been made, in order to conform to the IMF's

*457 651 439 procedure, to discover their FOB value by deducting shipping and insurance costs from the recorded Customs figures. However, many importers themselves were uncertain of these costs; nor could these costs be isolated either by countries or by commodities. The same commodity would be competitively imported from many different countries and in varying bulk. It was felt that a much more intensive study of the problem was needed before the proper adjustments could be made. Moreover, as virtually all shipping and insurance activities are handled through foreign firms, their cost should normally appear as payment, the same way as the price of imports. Thus, as it was not expected that the use of CIF prices would do serious damage to the overall results, the attempt to discover FOB values was abandoned and all the calculations in this study have been made on the basis of CIF prices.

As Lebanese export prices are quoted FOB, no problem of adjustment for shipping and insurance payments arises in their valuation.

h. **Exchange Rates.** As noted above, the value of imports is almost always converted into Lebanese currency at the official rate, which varies substantially from the open market rate. For purposes of conversion into local currency, the Customs Administration considers only the currency used by the importer in making payment, and not that of the country of origin of the goods. In actual practice it has been found that invoices of imports from countries for which no official exchange rates are fixed by the Exchange Office usually bear the notation "To be paid in Dollars or Sterling". This applies sometimes also to many goods imported from countries for which there are official rates of exchange. In general it can be said that goods from the Sterling Area, the Franc Area, and the USA are paid for in their respective currencies, while the bulk of goods from other countries are paid for either in dollars or in sterling. It is on this basis that conversions into local currency are made. When doubt exists as to the actual currency used for payment, the dollar is assumed to have been used and conversion into local currency is made at the official dollar rate.

The FOB value of exports are based directly on the Cus-

toms declarations. An examination of these declarations of a period of one month indicated that no more than one per cent of the export declarations were quoted in foreign currencies. So it was not thought worthwhile to make any adjustment on that score. Export values in 1951 and 1952 are given in table 6.

c. **Multiple Rates.** The problem confronted in the application of market exchange rates to imports is further complicated by the existence in Lebanon of two free exchange rates for some currencies: the "free" rate and the "area" account rate.

In the case of sterling, for instance, the free rate is the open market rate for the purchase of sterling from a special Lebanese account which could be used for sterling imports into Lebanon. The "area" account rate represents the price at which sterling from accounts of sterling area countries are sold to Lebanese importers, for purchases from the sterling area. These accounts can theoretically be used only between countries in the sterling area (e.g. between Jordan and Great Britain); their use by a non-sterling area country, like Lebanon, represents a leakage of sterling. This contravenes no laws in Lebanon, but does evade British financial regulations. No British exporter may accept sterling area accounts in payment for exports to a non-sterling area country. In usual cases, a Lebanese merchant acquires sterling area sterling from sources in, for example, Kweit for purchases of goods from Great Britain, for delivery to Kweit. However, when the goods arrive at the free zone in Beirut, they are "side tracked" and imported into Lebanon.

Sterling area account rates are slightly lower than the Lebanese account rates in the local market (e.g. in the middle of the two year period 1951-52, £1-Sterling Area Account-was LL. 8.80, whereas £1-Lebanese Account-was LL. 9.16). The difference of course accounts for the continued leakages from the sterling area account. The same discrepancy applies to the French franc where a Lebanese account and a Franc area account also exist.

All efforts to isolate the amounts involved in each account have met with failure, and must wait further study

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of the foreign exchange market. For purposes of this study, the Lebanese account rates have been used for both the sterling and the French franc.

d. **The Timing Problem.** The problem of time lags between the payment for, and consequently the transfer of title to goods, and the date of actual importation introduces a serious difficulty in the computation of foreign trade returns. The resulting difference between time of payment and time of recording by the Customs vary with transportation distances, methods of trade (e.g. sale or consignment), and methods of payment (cash, instalment, and credit). The corollary problem is to determine the appropriate market exchange rate to apply to imports.

A survey was made of 31 large importers in Beirut. The sample chosen was based on the principal commodity imports according to value. The number of importers chosen from each commodity group for personal interviews closely approximated the relative value of each category of imports. In many cases, these relatively few large importers accounted for the major share of the imports of that category. Personal interviews were later made of one small importer in each category. The main questions asked related to the time interval between payment and the receipt of the goods.

The results of these interviews, plus conversations with members of various trade associations and banks, seem to indicate that no definite pattern exists in time and method of payment, especially since the end of World War II. Depending on the country, the type of merchandise, and the individual firms involved, time and method of payment ranged all the way from cash payment at the time of placing the order, to credit of up to one month after arrival of the goods. All that can be said is that, in a majority of cases, payment was made partly at time of order and partly at time of shipment. Moreover, payments seem to have been made earlier for goods originating from Great Britain and the USA, and for goods purchased by smaller firms. Credit has been more available for imports from Germany, Italy, and France, and for payments of large and long established firms. A clear case has been that of Germany,

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which has been extending credit facilities in order to recapture some of its former trade with Middle Eastern countries.

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It was decided that the market rate of exchange to be applied should be that ruling at the time the declaration was made by the importer. The use of any exchange rate ruling at a different period could not be justified on grounds of greater accuracy. Anyway, since merchandise trade is compiled on a quarterly basis, some of the timing discrepancies are cancelled out. Moreover, at a further stage of the tabulation, when conversions were made, it was found that use of an average annual market exchange rate and a quarterly one gave a difference in result of between 0.01 % to 0.02 % . Advancing or retarding the applicable monthly rates of exchange to the four quarters (e.g. using the average market exchange rate for December, January, and February instead of January, February, and March for the 1st quarter) gave an insignificant annual difference.

c. **Conversion Factors.** In the conversion from the official to the real value of imports, the following procedure has been adhered to:-

i) Daily open market quotations of the principal currencies have been recorded, and bi-weekly, monthly, and quarterly averages of each currency computed.

ii) A conversion factor has been calculated for each currency, based upon the average quarterly exchange rate and the official rate (cf. Table 7).

iii) The figures obtained from the Customs, once adjusted for better coverage (except for smuggling and other unrecorded transactions) as suggested in section A above, have been reclassified by currency areas and on a quarterly basis.

iv) The appropriate conversion factor has then been applied to each class, thus giving the real value of imports (cf. Table 8).

2. There is another form of undervaluation for which adjustment must be made. Importers have a tendency to undervalue their Customs declarations in order to reduce their tariff

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payments. An attempt was made to assess the importance of this undervaluation from the Customs' contravention registers. However, it was noticed that detected cases of undervaluation were very infrequent (2-3 %, of total contraventions) and that, when a case was detected, the amount of undervaluation was not stated. Mr. G. Messarra suggests that all imports should be revalued 5 %, upwards to account for undervalued declarations[1]; talks with Customs officials and merchants, however, would indicate that such a revaluation would be excessive, especially if made on the basis of import prices recalculated at the open market rate of exchange. A 2 %, revaluation would seem more appropriate, being L.L. 8.5 million in 1951 and L.L. 8.9 million in 1952.

Estimates of the undervaluation of exports are more difficult to come by. It is reported that most exporters put fictitious values on their Customs declarations; this is often done at the request of the foreign importers in order to reduce their Customs payments. As no export duty is ever imposed, the responsible authorities do not seem to insist on exact declarations and do not penalize fairly cases even when detected. Informed guess-estimates of the degree of export undervaluation vary between 10 and 30 %. An average of 15 %, may not, therefore, be too excessive; this would mean an undervaluation of L.L. 10.8 million in 1951 and L.L. 12.5 million in 1952.

Conclusion: The Merchandise Trade Balance

The Customs trade figures show a trade deficit of L.L. 204.8 million in 1951 and L.L. 248.1 million in 1952, the imports and exports (including reexports) figures being, respectively, L.L. 306.7 million and L.L. 101.9 million in 1951 and L.L. 347.8 million and L.L. 99.9 million in 1952. However, when adjustment is made for coverage and valuation as explained in sections A & B above, the net merchandise trade deficit becomes L.L. 311.5 million in 1951 and L.L. 333.1 million in 1952, imports being L.L. 436.4 million and L.L. 454.2 million and exports L.L. 124.9 million and L.L. 121.1 million, respectively.

1 G. Messarra, Plan de Reconstruction de l'Economie Libanaise, Beirut 1948, Appendix 3.

NON-MONETARY GOLD MOVEMENT

Following the general IMF concept, non-monetary gold movement is here used to mean private gold imports and exports. Government (official) gold transactions and gold transit are treated separately.

Lebanon allows the free importation of gold, whether bullion or coins; but gold exportation is subject to licensing. In 1951-52 licenses were used very restrictively and covered only very small shipments of gold jewelry and ornaments to Saudi Arabia. There was a short-lived exception in the first two quarters of 1951, where the exportation of gold coins was authorized.

A good deal of the imported gold goes into the Government's official reserves, as currency backing, or is locally consumed in the making of jewelry and ornaments. It is estimated that an average of 20 kilograms is so consumed weekly (or about 1 ½ tons a year). The balance goes into private hoards. When possible, it is smuggled out of the country. Sometimes, as in 1951, when sales profits are high because of an expanded foreign demand or of large government purchases, there may even be net private dishoarding.

It has not been possible to determine accurately the quantity or value of private hoards; they are, however, known to be fairly large. As in other countries in the Near and Far East, gold is still in Lebanon the best alternative to land as the most popular medium in which savings are accumulated. Estimates of private hoards vary between 5 and 10 tons, to which should be added a large amount of gold jewelry. Such jewelry often consists of no more than gold coins mounted on, or connected with, a gold chain to a bracelet or neck piece.

A. Gold Imports

Gold imports in Lebanon consist of gold bars and coins. Quantum and value records of these imports are kept at the Customs. The value records, however, are extremely unsatisfactory

651 as they are based on the importer's declaration and more often
*457 than not the value declared is fictitious. As gold imports are duty
• 439 free, the Customs officials do not check carefully on these declarations. It has been necessary, therefore, to reassess the value of imports. This has been done by applying to the recorded quantities of imports the quarterly average gold prices in the open market.

Such a revaluation was easy for imported gold bars as their net weight could be closely determined by the Customs entries; their fineness, although not indicated in these entries, could be ascertained from that of similar bars usually handled in the Beirut gold market. The revaluation of gold coins, however, presented more serious difficulties. The Customs records do not indicate the various types of coins imported. It has been, therefore, impossible to ascertain their free market prices at the time of importations. Under the circumstances it was thought best to assume that all coins imported were gold sovereigns (King George) and to estimate their value on the basis of prices ruling in Beirut. *

Revalued Customs figures show imports of L.L. 37.6 million in 1951 and L.L. 53.7 million in 1952 (cf. Tables 14 & 15). To these should be added the gold that is smuggled in. This gold comes mainly from French Africa where gold exports are forbidden. To estimate the value of smuggled gold, use has been made, as in the case of goods and narcotics confiscated, of the Customs contravention files (cf. pp. 10-11). These files show that L.L. 45,000 worth of smuggled gold was caught in 1951 and L.L. 20,000 in 1952. Both these figures express values calculated at the official rate of exchange; if adjusted to reflect free market quotations, they would be L.L. 111,000 and L.L. 44,286. Assuming, as before, that only one-fifth of all the import smuggling was actually detected, total gold smuggling would be about L.L. 500,000 in 1951 and and L.L. 222,000 in 1952, thus making overall gold imports L.L. 38.2 million in 1951 and L.L. 53.9 million in 1952.

In order to compute non-monetary gold imports, the Government purchases must be deducted from the above figures. As no direct information is available regarding these purchases, they have been assumed to be the same as the increases in the Government official reserves, i.e., L.L. 23.9 million in 1951 and L.L. 15.4 million

* This assumption is justified by the fact that the sovereign is the most easily marketed and commonly handled coin in the local open market.

in 1952.[1] These non-monetary gold imports were L.L. 14.3 million in 1951 and L.L. 36.5 million in 1952.

B. Gold Exports

Except for the two first quarters of 1951 when the exportation of gold was authorized, no gold export is recorded at the Customs. A great deal of gold, however, is known to be smuggled out of the country. The total value of this traffic can only be inferred from the detected cases of contraband.

In 1951, as exportation was allowed during the first six months, smuggling was naturally restricted and the cases of detected contraband were consequently relatively few. The Customs files report seized quantities valued at L.L. 700,385 at the official rate, or L.L. 1.3 millions at the free rate. Assuming again that only one-fifth of the traffic was detected, its total value would be about L.L. 6 millions. To this should be added regular exports which are recorded at the Customs at L.L. 8 millions (cf. Table 10). This latter figure should be revalued to account for the undervaluation of export declarations. If adjusted to cover the same degree of undervaluation as for merchandise export (cf. p. 16), gold exports would be L.L. 9.3 millions; and consequently total gold sales (including smuggling) would amount to L.L. 15.3 millions in 1951.

In 1952, as no exports were licensed, smuggling expanded. This is indicated by the large increase in cases detected. Value of gold seized amounted to L.L. 1.3 million at the official rate, or L.L. 2.5 millions at the free rate, i.e., more than double the cases detected in 1951. It is likely, however, that as the large quantities involved led to greater care by the smugglers, only one-tenth of the traffic was detected. Thus total traffic may well have been around L.L. 25 millions.

C. "Net" Movement

In 1951, non-monetary gold imports were L.L. 14.3 millions and foreign sales L.L. 15.2 millions. As an additional 1 ½ tons of gold is normally consumed annually for industrial purposes (i.e. L.L. 7.5 millions at the prices ruling in 1951) there was, therefore, a "net" disbursement of L.L. 8.4 millions which came from private reserves. It should be remembered, however, that during the same

1 International Financial Statistics, International Monetary Fund, Washington D.C., U.S.A.

period, official gold reserves increased by L.L. 25.9 million. Thus there was a "net" accumulation of gold of L.L. 15.5 million.

In 1952, there was a "net" inflow of non-monetary gold of L.L. 4.6 million, imports being L.L. 36.5 million, local consumption again 1 ½ tons, i.e., L.L. 6.9 million at the then ruling price and exports L.L. 25.0 million. The surplus served to swell private hoards. During the year, however, official reserves increased by L.L. 15.4 million only; thus total gold accumulation was L.L. 20 million, i.e., only L.L. 4.6 million more than in 1951.

4457 (pp. 11-12) imports into Lebanon are valued CIF, and therefore, no new additional entry should have be made for import insurance. However, a small adjustment should be made to account for the proportion of imports insured with local firms. Normally, such an adjustment should have taken the form of a deduction from the CIF value of imports, since an import insurance with a local firm represents a payment from one resident to another. However, it has been thought more meaningful to show it separately as a credit under insurance. As no information is available regarding such insurance in 1951 and 1952 it has been assumed to have been the same as in 1953 when it amounted to L.L. 0.2 million.

• [439] On the export side, only 40 %, of the goods shipped abroad are insured with local firms. On the assumption that the insurance premia on commercial exports are normally calculated at 0.6 %, of the value of the goods, receipts from export insurance was L.L. 0.22 million in 1951 and L.L. 0.19 million in 1952.

(2) **Life assurance**: Life assurance in Lebanon is carried by, or on behalf of, foreign companies. Net movement of life assurance funds are, therefore, difficult to ascertain; however, as they are relatively small, they can be disregarded without serious damage to the final results.

(3) **Other insurance transactions**: Other kinds of insurance in Lebanon are mainly in connection with motor and fire insurance. These risks are usually reinsured with foreign firms, so that in effect insurance companies in Lebanon act in these respects as insurance brokers. It is estimated that the total amount of re-insurance less commission earned by the local firms amounted to L.L. 0.57 million in 1953. As no figures are available for earlier years, earnings in these years are estimated to have been the same as in 1953.

Total earnings from insurance (including the L.L. 0.2 million on import insurance) was therefore L.L. 0.99 million in 1951 and L.L. 0.96 million in 1952.

Table 1

[illegible]

(In L.L. 1,000)

Country	1971					1972				
	I	II	III	IV	Year	I	II	III	IV	Year
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
[illegible]										
TOTAL										

Source: Economic indicator quarterly

Source: Figures computed from the Customs' Records

[illegible]

Table 2

Ordinary Re-exports

(In L.L. 1,000)

Country	1931					1932				
	I	II	III	IV	Year	I	II	III	IV	Year
Egypt	10	23	3	40	84	239	23	46	26	333
Kuwait, Bahrein, Qatar	83	60	258	203	603	2388	577	137	253	3355
Saudi Arabia	-	-	-	-	-	-	-	-	-	-
Iraq	113	17	33	173	336	83	338	113	185	719
Transjordan & Palestine	553	758	804	580	2695	738	1183	1055	1258	4234
Turkey	135	361	117	621	1234	1111	1183	1055	1258	4234
Persia	119	140	579	338	1176	1111	1183	1055	1258	4234
Other Near East	10	138	300	17	465	1111	1183	1055	1258	4234
Cyprus	-	-	-	-	-	-	-	-	-	-
Italy	-	-	-	3	3	16	121	201	30	368
United Kingdom	2	653	37	39	731	37	42	717	41	837
Other Trading Area	-	60	3	33	136	17	42	866	41	971
Other Western Europe	-	-	-	-	-	-	-	-	-	-
Eastern Europe	-	40	8	6	54	13	9	57	361	440
U.S.A.	-	-	23	5	28	-	-	30	-	30
Others	-	35	31	80	146	84	83	45	54	266
	158	85	34	101	378	1388	387	453	150	2378
TOTAL	1183	2341	2042	2088	8427	7405	6872	4799	3949	23025

Roman Numerals indicate quarters

Source: Figures computed from the Customs' Records

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Table 4

Value of Films Imported During 1951 and 1952
As Recorded by Customs
(In L.L. 1,000)

Country	1951					1952				
	I	II	III	IV	Year	I	II	III	IV	Year
[redacted]	2	4	—	—	6	—	—	1	—	1
[redacted]	3	4	4	—	11	5	3	1	3	14
[redacted]	1	—	—	—	1	—	—	—	—	—
[redacted]	21	10	15	11	57	17	11	11	11	50
[redacted]	22	15	17	23	77	23	15	9	15	72
[redacted]	—	—	—	3	3	—	—	—	1	1
[redacted]	1	—	—	—	1	—	—	—	1	1
[redacted]	2	—	—	—	2	1	—	—	—	1
[redacted]	—	2	—	—	2	3	4	—	3	10
[redacted]	—	—	—	—	—	—	—	—	2	2
[redacted]	—	—	—	1	1	—	—	—	—	—
Turkey	—	—	—	—	—	2	1	—	1	4
United Kingdom	11	6	6	13	41	6	6	7	6	25
U.S.A.	100	75	59	87	320	84	75	57	88	304
U.S.S.R.	—	—	—	—	—	—	3	—	—	3
TOTAL	174	136	107	139	579	145	127	86	136	534

Reasons Numerals indicate quarters

Source: Customs' Records

Digitized by Arabic Digital Library-Yemen

Table 6

Exports (F.O.B.)

(In LL. 1,000)

Country	1951					1952				
	I	II	III	IV	Year	I	II	III	IV	Year
Egypt	1,403	3,579	2,133	2,864	9,479	1,309	1,337	925	3,251	6,772
Iraq	611	538	638	1,145	2,932	700	780	787	1,087	3,367
Kuwait, Bahrein, Qatar	134	319	173	353	979	360	887	673	840	2,454
Saudi Arabia	641	880	842	1,070	3,443	1,145	2,384	2,371	2,436	8,405
Syria	8,735	5,680	3,874	4,530	22,819	4,355	4,854	3,453	5,543	17,864
Transjordan & Palestine	721	1,361	732	1,308	4,385	779	894	948	1,451	4,073
Turkey	65	236	31	181	513	215	267	171	68	721
France	314	1,704	365	1,053	3,436	819	814	308	1,808	3,743
Other Franc Area	1	854	5	263	623	7	36	41	476	585
Germany	36	86	111	52	285	250	160	80	77	668
Italy	324	1,338	1,219	1,483	4,362	1,405	685	315	1,379	3,784
United Kingdom	836	894	984	985	3,739	2,740	883	348	879	4,850
Other Sterling Area	350	1,373	698	1,424	3,824	2,448	430	1,302	2,915	7,095
Other Western Europe	449	681	232	780	2,089	1,904	575	280	668	3,054
Eastern Europe	307	330	1,004	1,540	3,477	780	650	881	1,555	3,571
U.S.A.	4,005	12,600	2,540	2,904	22,738	2,984	875	1,200	2,928	8,987
Others	571	835	1,206	1,457	4,139	1,209	1,336	1,067	1,419	5,031
TOTAL	20,324	33,170	18,403	22,869	94,791	23,342	16,568	15,009	28,176	83,095

(1) Roman Numerals indicate quarters
Including Reexports with reimbursements of duties.
Source: Figures compiled from the Customs' Records.

Table 8

Imports (C.I.F.)
At Price Market Rates
(in 1,000 Leb. Pounds)

Country	1931					1930				
	I	II	III	IV	Year	I	II	III	IV	Year
Egypt	1,639	2,681	1,380	831	6,531	764	575	1,606	764	3,709
Iraq*	6,513	4,911	10,008	7,804	29,115	6,314	4,389	5,519	7,826	23,948
Kuwait & Bahrein	1	224	45	4	274	57	98	19	81	255
Saudi Arabia	275	618	719	987	2,749	906	843	2,486	1,307	5,541
Syria	14,196	18,792	13,841	15,103	61,932	8,964	13,936	17,173	23,963	63,036
Transjordan & Palestine	1,313	1,337	473	426	3,549	708	796	1,488	1,686	4,777
Turkey	3,908	3,588	1,589	4,707	11,404	2,571	765	1,130	2,116	6,582
Persia	13,888	20,017	8,660	10,804	53,369	10,194	6,134	7,979	13,393	36,697
Other Persian Area	339	765	378	468	1,950	478	338	388	807	1,991
Germany	3,805	4,577	3,708	3,199	15,287	3,148	3,858	3,944	4,984	15,934
Italy	4,715	4,886	2,583	5,530	17,631	5,433	3,369	3,436	5,335	17,573
United Kingdom	11,577	13,783	8,983	13,071	44,365	10,388	11,481	9,731	14,334	45,934
Other Sterling Area	3,893	3,983	3,149	1,431	8,348	3,143	3,598	3,798	3,536	14,076
Other Western Europe	11,438	13,369	9,437	11,865	47,109	13,775	10,314	14,756	14,955	53,799
Eastern Europe	4,681	3,779	2,371	4,365	15,196	4,479	3,734	3,543	5,992	18,748
U.S.A.	15,815	20,316	13,739	21,487	77,357	24,513	18,917	15,797	19,885	79,111
Others	3,793	7,319	4,339	13,721	29,172	11,141	3,389	3,737	21,993	39,249
TOTAL	85,439	110,346	81,117	115,866	432,768	110,193	86,676	85,170	137,201	443,241

* Including Oil imported from I.P.C.
Refineries in Irbid, Tripoli.

Source: Figures compiled from the Customs' Records

Table 8

Trade by Commodity

(Rs. Lakhs)

No.	Section	IMPORTS		EXPORTS	
		[illegible]	[illegible]	[illegible]	[illegible]
I	Animals & Products of				
II	Vegetable Products				
III	Fats, Oils, Wax and Products of				
IV	Food Products, Beverages & Tobacco				
V	Mineral Products				
VI	Chemical & Pharmaceutical Products				
VII	Leather, Skins, Fur and Products of				
VIII	Rubber Products				
IX	Wood, Cork and Products of				
X	Paper Products				
XI	Textiles and Products of				
XII	Shoes, Hats & Articles of Feathers				
XIII	Ceramics, Glassware etc.				
XIV	Jewelry				
XV	Common Metals				
XVI	Machinery, Electronics, Electrical Appliances				
XVII	Transportation Equipment				
XVIII	Scientific & Musical Instruments, Watches				
XIX	Arms & Ammunition				
XX	Other Merchandise				
XXI	Artistic Works & Collections				
	TOTAL				

* The discrepancy between these figures and those on Table 2 are due to the fact that, whereas the latter have been calculated on the basis of a quarterly conversion factor, the former, in order to facilitate comparisons, have been calculated on the basis of a yearly conversion factor.

Source: Figures compiled from the Customs' Records

Table 10

IMPORTS
(By Currency Area)
(In U.L. 1,000)
1961

No.	Section	Sterling Area	Dollar Area	Other Area	Unknown	Total
I	Animals & Products of	36,287	1,748	171	3,569	36,724
II	Vegetable Products	11,014	33,744	2,935	43,673	84,366
III	Fats, Oils, Wax and Products of	346	1,185	885	1,914	4,330
IV	Food Products, Beverages & Tobacco	1,087	18,338	1,750	7,548	28,681
V	Mineral Products	155	22,970	433	8,941	32,499
VI	Chemical & Pharmaceutical Products	28	8,139	4,636	13,787	26,590
VII	Leather, Hide, Fur and Products of	836	3,360	440	1,888	6,579
VIII	Rubber Products	-	1,888	881	3,189	7,068
IX	Wood, Cork and Products of	48	488	1,688	10,586	13,774
X	Paper Products	1	738	1,324	10,344	13,408
XI	Textiles and Products of	18,486	33,338	12,368	37,885	80,377
XII	Shoes, Hats & Articles of Fashion	-	488	185	1,378	2,887
XIII	Ceramics, Glassware etc.	138	887	1,463	6,338	8,833
XIV	Jewelry	-	388	58	741	1,888
XV	Common Metals	31	3,843	8,338	2,731	14,938
XVI	Machinery, Space Parts, Electrical Appliances	35	7,387	8,368	36,478	36,471
XVII	Transportation Equipment	4	1,388	1,874	15,738	18,384
XVIII	Scientific & Musical Instruments, Watches	31	488	488	4,387	5,378
XIX	Arms & Ammunitions	2	72	288	388	912
XX	Other Merchandise	-	454	888	1,888	2,388
XXI	Artistic Works & Collections	18	-	118	48	388
	TOTAL	81,388	188,488	58,888	388,438	888,388

Source : Figures compiled from the Customs' Records.

Table 11

IMPORTS

(By Currency Area)

(In U.S. $,000)

1952

No.	Section	Japan	Sterling Area	Europe	Others	Total
I	Animals & Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
II	Vegetable Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
III	Fats, Oils, Wax and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IV	Food Products, Beverages & Tobacco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
V	Mineral Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VI	Chemical & Pharmaceutical Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VII	Leather, Skins, Fur and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VIII	Rubber Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IX	Wood, Cork and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
X	Paper Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XI	Textiles and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XII	Shoes, Hats & Articles of Fashion	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIII	Cements, Glassware etc.,	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIV	Jewelry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XV	Common Metals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XVI	Machinery, Spare Parts, Electrical Appliances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XVII	Transportation Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XVIII	Scientific & Musical Instruments, Watches	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIX	Arms & Ammunition	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XX	Other Merchandise	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XXI	Artistic Works & Collections	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	TOTALS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Figures compiled from the Customs' Records.

Table [illegible]

EXPORTS
(By Currency Area)
(In L.L. 1,000)
[illegible]

No.	Section	Syria	Sterling Area	Dollar Area	Others	Total
I	Animals & Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
II	Vegetable Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
III	Fats, Oils, Wax and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IV	Food Products, Beverages & Tobacco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
V	Mineral Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VI	Chemical & Pharmaceutical Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VII	Leather, Skin, Fur and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VIII	Rubber Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IX	Wood, Cork and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
X	Paper Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XI	Textiles and Products of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XII	Shoes, Hats & Articles of Fashion	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIII	Ceramics, Glassware etc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIV	Jewelry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XV	Common Metals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XVI	Machinery, Spare Parts, Electrical Appliances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XVII	Transportation Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XVIII	Scientific & Medical Instruments, Watches	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XIX	Arms & Ammunitions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XX	Other Merchandise	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
XXI	Artistic Works & Collections	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	TOTAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source : Figures compiled from the Customs' Records.

Table 13

EXPORTS
(By Customary Areas)
(In U.L. Lakhs)
1982

No.	Section	Kutch	Saurashtra Area	Former Area	Others	Total
I	Animals & Products of	11	559	3	826	1,401
II	Vegetable Products	4,881	13,651	1,519	6,000	26,051
III	Fats, Oils, Wax and Products of	111	2,588	55	351	3,104
IV	Food Products, Beverages & Tobacco	914	1,680	1,111	1,384	5,089
V	Mineral Products	1,149	1,511	2	1,000	3,662
VI	Chemical & Pharmaceutical Products	780	1,559	77	1,000	3,416
VII	Leather, Skins, Fur and Products of	280	1,000	1,000	1,000	4,280
VIII	Rubber Products	111	1,000	1,000	1,000	4,111
IX	Wood, Cork and Products of	1,000	1,000	1,000	1,000	4,000
X	Paper Products	1,000	1,000	1,000	1,000	4,000
XI	Textiles and Products of	2,000	2,000	1,000	1,000	6,000
XII	Shoes, Hats & Articles of Fashion	111	1,000	1,000	1,000	4,111
XIII	Cement, Glassware etc...	1,000	1,000	1,000	1,000	4,000
XIV	Jewelry	1,000	1,000	1,000	1,000	4,000
XV	Common Metals	1,000	1,000	1,000	1,000	4,000
XVI	Machinery, Spare Parts, Electrical Appliances	1,000	1,000	1,000	1,000	4,000
XVII	Transportation Equipment	1,000	1,000	1,000	1,000	4,000
XVIII	Scientific & Musical Instruments, Watches	1,000	1,000	1,000	1,000	4,000
XIX	Arms & Ammunitions	1,000	1,000	1,000	1,000	4,000
XX	Other Manufactures	1,000	1,000	1,000	1,000	4,000
XXI	Antiques Works & Collections	1,000	1,000	1,000	1,000	4,000
	TOTAL	16,373	30,000	4,000	25,000	77,000

Source : Figures compiled from the Customs' Records

Table 14

Imports of Gold

1951

Countries	Ingots		Coins			
	Kgs.	Value in £.E. 1,000	Kgs.	$ Gold	Value in £.E. 1,000	Total Value in £.E. 1,000
[illegible]	13	61	4	20	16	77
[illegible]	1377	6720	40	865	324	7044
[illegible]	3	14	40	865	324	338
[illegible]	38	186	30	650	243	429
Pakistan	35	173	11	240	89	262
Peru	11	53	50	1081	870	923
Saudi Arabia	1	4	11	240	89	93
Switzerland	38	185	50	1081	870	1055
U.K.	289	1417	10	216	174	1591
Union of S. Africa	75	367	-	-	-	367
U.S.A.	4326	20729	-	-	-	20729
TOTAL	7413	36503	216	37351	13335	37864

Yearly average price of Kg. of gold: L.E. 4925
Yearly average price of $ gold: L.E. 43.20

Source: Figures compiled from the Customs' Records.

Table [illegible]

Imports of Gold

[illegible]

Countries	Ingots		Coins			Total in L.L. 1,000
	Kgs.	Value in L.L. 1,000	Kgs.	# Gold	Value in L.L. 1,000	
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	-	-	-	[illegible]
Kuwait	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saudi Arabia	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.K.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uruguay	[illegible]	[illegible]	-	-	-	[illegible]
U.S.A.	[illegible]	[illegible]	-	-	-	[illegible]
TOTAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yearly Average Price of Kg. of gold: L.L. [illegible]

Yearly Average Price of £ gold: L.L. [illegible]

Source: Figures computed from the Customs' Records.

Table 10
Exports of Gold
(Crude)
1983

Countries	1st Quarter		2nd Quarter		Total	
	Kgs	Value in Sh. '000	Kgs	Value in Sh. '000	Kgs	Value in Sh. '000
South Africa Mainland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Figures compiled from the Customs' Records

boundaries. The principal source of this cash income used to be the silkworm cocoon, supplemented by wage labor. Third, in regard to kinship groups, there appears always to have been a tendency to minimize (in comparison to other villages) the distinctiveness of the various lineages. Here, however, all village members recognized the same common ancestor, and were therefore all related, this tendency does not necessarily indicate that the principle of kinship grouping, in itself, was unimportant in the village.

Finally, extreme localism was to some degree modified in al-Mansūf. Some of the seasonal wage laborers brought back brides from the communities in which they worked — a violation of the principle of village endogamy. However, these cases were rare, and in every case the outsider was at least a contiguously of her husband. Al-Mansūf also had, and still has, a sort of second line of defense, or buffer, between it and the outside world. This is the group of villages, seven of them including al-Mansūf, which has been alluded to earlier. This cluster of villages has a name which is used by its inhabitants, symbolizing its unity. Visiting has always been common among the villages, and ties of friendship are many. Furthermore, there has always been a certain amount of intermarriage among the villages. Each case of this was, technically speaking, a violation of village endogamy, but it was a very different matter, in the villagers' eyes, from marrying "a stranger." The unity of the seven villages can be ascribed largely to the fact that the same sect affiliation — Greek Orthodox — is predominant in all of them while the surrounding region is predominantly Moslem. But all these modifications do not detract very much from the picture of the al-Mansūf of former times as being a typical "folk" community: predominantly agricultural, town-oriented, conservative and self-contained in its system of values.

III

The changes which have occurred in al-Mansūf began about 1880. By 1914 all the trends were apparently set which have since gathered momentum and wrought considerable modifications in the traditional patterns of life in the village.

In the latter part of the 19th century, three new factors came to bear on the culture of Lebanon which had profound effects. These can be analyzed specifically in the case of al-Mansūf, but were certainly felt in many other Lebanese villages.

1. Factory-made articles from Europe began to be imported, with two consequences: first, the lessening in importance (and eventual extinction) of village handicrafts; and second, a newly developed demand for European articles, such as furniture, obtainable only on payment of cash. Thus, an already tight economic balance in the village threatened to become an extremely serious squeeze. Doubtless the situation would have become really

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desperate had it not been for the other two new cultural factors which altered village life:

1. The introduction into Lebanon of Western-style educational institutions and curricula. The two main types were American Protestant and French Catholic. It was the former which exerted the stronger influence on el-Mismiil. Mission schools were established in the village before the turn of the century, and many village children were sent to the American schools in Tripoli. By 1910, some villagers were themselves teaching school in el-Mismiil. Pronunciation itself was for the most part retained, but the quest for secular education — in both Arabic and English — became a major concern in the village. The enthusiasm with which the villagers approached education can be accounted for in several ways. First, the literate individual has always been a person of high prestige in the Arab world. The villagers therefore recognized the fine opportunity for the improvement of personal status which was opened by the new schools. Second, they recognized that through education they would have a better chance of obtaining lucrative jobs and of thus averting the economic disaster which threatened them. Third, the American-sponsored curricula were, in part, a useful introduction to certain aspects of the culture of the West; and this brings us to the third major factor:

2. Emigration, primarily to the United States but also, to a lesser extent, to South America. It is very significant, from the cultural point of view, that the prime motive of the emigrants was not to leave their homeland forever in order to make a new life in a new country, but rather to emigrate temporarily to America in order to make a fortune and then return to the village to resume the old life under conditions of greater financial security. As it turned out, the majority of emigrants never did return. But the number who did, and the number of those who came and went several times before making up their minds, is often overlooked in general accounts of the emigration phenomenon. Remittances from America helped greatly to make the two decades before 1914 a prosperous time for el-Mismiil. It was during this period that the very handsome houses with red tile roofs (imported from France) were built. During this period, also, some of those who did not emigrate took up nonagricultural jobs, such as school teaching, away from the village.

World War I brought a sudden halt to these developments. Owing to the Turkish blockade of Lebanon, emigration became impossible and the flow of remittances was reduced to a trickle. Toward the end of the war there was famine in el-Mismiil, and it was reported that 100 persons died as a result of it. After the war, emigration and remittances were resumed. But the large-scale exodus to the United States was effectively ended by the U.S. Immigration Act of 1924, which allowed only a very small quota for the Levant. Emigration to other areas continued but also on a smaller

national economy. They produce most of the food consumed by the country, as well as raw materials for industries and some surplus products for export. In fact, agricultural items are Lebanon's principal exports. Agriculture is also destined to play an even greater role in the future. At present the area under cultivation amounts to [illegible] acres, including less than [illegible] acres under irrigation. The crop land can at least be doubled, mainly by means of expanded irrigation. The abundant water resources could be much more efficiently utilized than is now in for increasing crop production, for the generation of power, and for household uses. There are good possibilities for the development of such agricultural and cottage industries as canning, dairying, cold storage for fruit, tanning, and handicrafts. Furthermore, production can be materially increased by the application of improved methods of cultivation. In other words, the village folk of Lebanon are in a position to make an even greater contribution to the national economy than they now do, provided they are given the necessary technical training and expert guidance.

In the third place, the rural community has been a main contributor to the cultural development of Lebanon. By culture here is not meant the conventional fine arts or those items of refinement in behavior that are shared by the few. We mean rather the pattern of living that is characteristic of Lebanon as a whole. We find here certain distinctive features, many of which can be traced directly to their origin in the village community. It is true that cultural influences from abroad have been finding their way into urban centers and thence into rural areas. These influences, however, together with those that have originated in urban centers, have not superseded the main body of culture, which remains predominantly rural. Family solidarity, group loyalty, individual initiative and enterprise, co-operativeness, community consciousness, a democratic way of living involving basic equality, and folk poetry are outstanding examples.

Finally, mention should be made of the significant leadership, in the various walks of life, that has been produced by the Lebanese village. The majority of leaders in politics, education, medicine, law, business enterprise, literature, and the other pro-

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near Aleppo, and at Rayaq and there are many emergency landing fields.

Sea Ports. Since 1939 Beirut has handled over 2 million tonnage of ships a year; an increase of about a quarter of a million over the pre-war figure. The port has a free zone through which goods are shipped to Syria, Iraq, and Jordan. But the Syrian Government hopes to divert some of the transit trade from Beirut and Iraq, with the assistance of a loan of $6 million from Saudi Arabia, formed a company to develop Latakia in order to handle about a million tons of goods a year (in 1939 431,000 tons were handled). Work on the extension of the port was begun by a Yugoslav firm in April 1939. Tripoli, Sidon, and Banias are ports handling the oil from the pipelines[1] and are little used for other purposes.

Wireless and Telephones. An automatic telephone exchange system covers most of Syria and an automatic exchange is planned for Beirut. Telephone links with Europe and America are available through Beirut and normal cable facilities exist. The Syrian state broadcasting authority has two large transmitters and broadcasts in Arabic, French, English, and Hebrew. Near Beirut there is a station which broadcasts in Arabic, French, and English.

The 'Common Interests'

Under the Mandates, Syria and Lebanon formed an economic and customs union, the Higher Council of Common Interests, under the direct control of France, which administered customs and excise and controlled concessionary companies, antiquities, and some other services. On 1 January 1944 the control was transferred to the Syrian and Lebanese Governments. The currencies were linked and interchangeable, and both the Syrian and Lebanese pounds were largely backed by French francs based on a rate of 8·83 to the pound sterling (then worth $4·03). In order to maintain a good profit on the exchange brought in by oil companies the Lebanese and Syrian pounds were not devalued in 1949 to follow sterling. Exchange was controlled by one department for both countries and the note issue is in the hands of the French Banque de Syrie et du Liban.

But these links were incompatible with the differences that developed in the economic policies of the two countries when they became independent. Syria, in normal years, has a large exportable surplus of agricultural products and little transit trade, whereas the debtor trade balance of Lebanon is con-

[1] See Appendix IV, p. 330 below.

[illegible]
Syria & Leb

MAIN CROPS

	Area (1000 hectares)		Production (1000 metric tons)		Yield (metric tons per ha.)	
	1951	1952	1951	1952	1951	1952
Wheat	670	700	450	500	0.7	0.7
Barley	340	360	170	180	0.5	0.5
Lentils	50	60	30	35	—	—
Chickpeas	—	—	20	25	—	—
Olives (fruit)	—	—	250	300	—	—
Grapes	60	—	200	—	—	—

— = not available.

(Economic Survey of Syria — the Lebanon, Economic report (Paris, 1953), except figures for cereals, cereal production, and area and production of grapes, all of which have been taken from FAO, Yearbook of Food and Agricultural Statistics, 1952)

312 There is enough water for land to be used more intensively
241 than in Syria but there is not enough room to grow all that the
439 country needs. Improved methods have increased the yield of cereals per acre, but Lebanon will always have to import wheat. The crop of grapes is nearly double the weight of the wheat harvest and Lebanon exports grapes, wine, and the best quality arak. The olive exports are high but the growers have not yet established the same name for quality as have the Israelis. Melons, water-melons, apples, raisins, and potatoes are also important crops and vegetables are exported as far as the oil towns of Kuwait and Dahran. Cotton and tobacco are also grown in small quantities.

423 The land is more evenly parcelled out amongst the people in
369 Lebanon than in Syria but, despite the fact that there are many small holdings, there is a general shift from country to town, and Beirut and its immediate neighbourhood hold nearly half of the population. In the coastal regions of intensive cultivation small holdings predominate, while in the plain regions large estates worked by share-croppers are the most prevalent form of land tenure. Some estates owned by rich men are farmed under modern methods and equipment and there is less room for improvement or for expansion in agriculture than in Syria.

Industry

433 Relative to its size, Lebanon is one of the most industrialized countries in the Middle East area. It is probable that nearly 300,000 persons are so employed, of whom over half are factory workers. However, Lebanese industry has only partly recovered from the loss of the Syrian market and some industries had either to move to Syria or to curtail production. The biggest industries are electricity, which produced 150 million kwh. in 1951, and the Chekka cement factory south of Tripoli, which produced 300,000 tons of cement in 1951. Cotton weaving and

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particularly cars and other finished goods for which Lebanese merchants have agencies for the whole Levant. Another type of transit trade is the exchange and gold markets: in 1950 there was trading in precious metals to a value of £L98,350,000, which dropped in 1951 to £L20,870,000 and £L35,480,000 in 1952. On these transactions not only has the volume dropped but also the profit, but vast sums were made in 1947 and 1948 when the margins on exchange and gold transactions were wide.

Middle East nationalism may have two effects on Lebanese commerce: on the one hand, if Lebanon maintains a policy of welcoming and facilitating foreign capital and merchants, there may be an exodus to Beirut of foreign concerns such as has already occurred as a result of the political disorders of 1951–2. [A tendency in the other direction can be seen in the taking over in March 1953 of the French Beirut electricity company.] But, on the other hand, growing nationalism, parochialism, and isolationism in her neighbours could throw Lebanon on her own resources; Jordan and Syria are both trying to encourage their own ports and merchants to the detriment of Beirut, and Lebanon must now make her services as middle-man and entrepôt more attractive and cheap so that her neighbours will continue to use them. At the same time, if these neighbours squeeze Beirut too hard, they might threaten Lebanon with ruin and it is conceivable that she might be compelled to attempt to seek a replacement of the lost source of income in association with Israel.

Finance

The Lebanese pound of 100 piastres is covered by the French franc under an agreement of 31 January 1948, and Lebanon is a member of the International Monetary Fund and of the International Bank for Reconstruction and Development, with a quota of $45 million. At the end of 1951 45 per cent of the money circulating was covered by gold and a further 7 per cent by foreign currency—the gold cover has been steadily strengthened, to 54·9 per cent at the end of 1952, to 57·0 per cent by February 1953—when the gold backing amounted to £L114·05 million—and to 60·6 per cent by April 1953. This recent increase in the gold cover results from the part-repayment of an obligation incurred by Syria in 1948; a further instalment was to be repaid in October 1953. In 1939 there were £L29 million in notes circulating, in 1945 £L114 million, and in 1951 £L212 million, but by the middle of 1952 the circulation had dropped to £L199 million and it remained at around this

figure until February 1953.

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SYRIA AND LEBANON

figure until February 1953. The cost of living has likewise risen considerably; during the war it rose almost sixfold, reaching a peak in 1943. It then decreased steadily until the autumn of 1950, when the Korean boom in raw material prices brought fresh inflationary pressures into Lebanon through her growing commercial and entrepôt trade, and persisted until early 1952. This fresh rise in prices was also caused by the rise in food prices (imported and home grown) following the bad harvest of 1951. Although early in 1953 prices had not resumed their pre-Korean level, they had declined steadily.

The following figures showing the indices of wholesale prices and the cost of living illustrate the salient movements in prices (1948 = 100).

	1939	1945	1947	1948	1949	1950	1951	1952
Wholesale prices	72	339	97	104	98	111	134	137
Cost of living	48	285	84	100	98	104	121	125

(Sources: UNO, *International Financial Statistics*, September 1952)

Budgetary expenditure and receipts have also increased considerably, partly resulting from the rise in prices but also from greater commitments. The main increase in expenditure has been for defence, for the Palestine conflict and its aftermath, and for education. The sources of revenue have undergone a marked change: whereas customs provided 60 per cent of the revenue in 1939, they now contribute only 25 per cent, and new indirect taxes on general consumption now provide the major share, about 30 per cent. A measure to increase direct taxation was introduced in September 1951 in the form of a tax on agricultural income based on a 'presumptive' assessment value at progressive rates of tax. As yet its full effect is not known. The budget estimates for 1952 were: expenditure £L94·03 million, and receipts £L94·16 million; further details are given in table 2 on p. 502 below. The 1953 budget was expected to be of the order of £L110 million.

The division between the Syrian and the Lebanese currencies became effective at the end of January 1948 and this introduced an agio between the two currencies. At first this favoured Lebanon, but in 1951 the Syrian pound was the higher and then, in 1952, the Lebanese pound returned to a premium of from 0·6 per cent to 0·7 per cent. The exchange rates of foreign currencies are given in table 3 on p. 503 below.

International Trade

In defiance of the gloomy prophecies of economists, Lebanon contrives to flourish with an adverse trade balance, which in

1950-1 amounted to £L213·5 million. Over half this deficit was met from 'invisible' earnings, such as the tourist trade and transportation, and the rest from private donations and capital movements. Indeed, during this period Lebanon's balance of payments showed a small surplus of £L6·7 million.[1] Most of Lebanon's trade (about 40 per cent) is with other Middle Eastern countries, but the foremost country in her trade is the United States (about 20 per cent). Europe and Great Britain are important sources of imports but not such large export markets. Lebanon's main imports are agricultural products, textiles, machinery, and oil, and her chief exports are agricultural products and textiles. The tourist industry is given full encouragement by the Government and, under certain circumstances, tourists' fares to Lebanon are subsidized.

Development

On 24 February 1951 Lebanon signed a Point Four agreement with the United States and the work to be carried out is based on the report to the United Nations in 1949 by Mr Gordon Clapp.[2] Irrigation projects are under way at Akkar, Yammuna, and Qamiya, and there is a proposal to use the Litani river to irrigate over 125,000 acres of land. In August 1951 the Lebanese Government announced a four-year development plan; the main projects under consideration concern road and hydro-electric power development.

Conclusion

The future of Syria and Lebanon will obviously depend to some extent on the past, many aspects of which have not been fully discussed here because the independent political and economic development of the countries began only in 1946. In internal politics events have moved too rapidly for any record to keep pace with them, and there is not yet apparent any stability that would allow one to regard views and information on the political scene as being valid for more than a brief period. As regards their external policy, the two countries have yet to be convinced that there is a community of interest between them and the West. The Western Powers need the use of Syrian and Lebanese territory on which to base a line of defence, but it is not expected that these countries could or should bear a significant part of the burden of defence in men, materials, and money. The Levant wants greater security against Israel than

[1] See table 6, p. 303 below.

[2] UN, Conciliation Commission for Palestine (chairman: Gordon Clapp), *Economic Survey Mission for the Middle East* (New York, December 1949).

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STATISTICAL APPENDIX

Table 3
FOREIGN CURRENCY
(Selling rates in £Sterling)

Date	Free Market Rates					
	High	High	High	High		
	Average	Average	Average	High	Low	Average
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Rates of Remittance equal for USA, others shown as Transmission rates

(Sources: Banque de Syrie et du Liban, Chambre de Liban; IMF, International Financial Statistics, supply, Various Statements)

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Table 4
VALUE OF IMPORTS AND EXPORTS (000)
(c.i.f. for countries)

	Lebanon (£Leb)		Syria (£Syr)	
	Imports	Exports	Imports	Exports
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	367,940	77,497	373,269	376,173

... = not available, — = nil.

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(i) By commodity groups

	[illegible]		[illegible]	
Animals and animal products	[illegible]	[illegible]	[illegible]	[illegible]
Agricultural products	[illegible]	[illegible]	[illegible]	[illegible]
Minerals	[illegible]	[illegible]	[illegible]	[illegible]
Textiles (incl. raw cotton)	[illegible]	[illegible]	[illegible]	[illegible]
Raw metals and goods	[illegible]	[illegible]	[illegible]	[illegible]
Machinery and electrotechnics	[illegible]	[illegible]	[illegible]	[illegible]
Transport equipment	[illegible]	[illegible]	[illegible]	[illegible]
Mineral products	[illegible]	[illegible]	[illegible]	[illegible]

* Exports made available [illegible] Imports which originally [illegible] Imports included gold [illegible] and in those being valued [illegible]
† Exports [illegible]
‡ Net [illegible] trade of and all products only.

(Sources: Statistics de l'Economie Syrienne, Bulletin Statistique Trimestriel, [illegible] Syrie, 1932; Bureau de Documentation Économique et Statistique, Bulletin Mensuel et Trimestriel; Annuaire Statistique Trimestriel, Etat actuel; U.S. Bureau of Foreign and Domestic Commerce, Commerce Reports; Syrian Economic Information Bureau.)

Table 3

SYRIA: BALANCE OF PAYMENTS, [illegible]

(£ million)

	[illegible]	[illegible]	[illegible]	[illegible]
A. Goods and Services				
Exports, f.o.b.	[illegible]	[illegible]	[illegible]	[illegible]
Imports, c.i.f.	[illegible]	[illegible]	[illegible]	[illegible]
Trade balance	[illegible]	[illegible]	[illegible]	[illegible]
Freight (net)	[illegible]	[illegible]	[illegible]	[illegible]
Transit trade	[illegible]	[illegible]	[illegible]	[illegible]
Investment, net [illegible] abroad	[illegible]	[illegible]	[illegible]	[illegible]
Other services	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
B. Private donations and capital movements	[illegible]	[illegible]	[illegible]	[illegible]
Migrants' remittances	[illegible]	[illegible]	[illegible]	[illegible]
Capital	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
C. Special official financing	[illegible]	[illegible]	[illegible]	[illegible]
Short-term loans	[illegible]	[illegible]	[illegible]	[illegible]
UN Relief and Works Administration	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
D. Net errors and omissions	[illegible]	[illegible]	[illegible]	[illegible]
E. Deficit (−) (A through D)	[illegible]	[illegible]	[illegible]	[illegible]
F. Compensatory official financing	[illegible]	[illegible]	[illegible]	[illegible]
Short-term assets, net (increase −)	[illegible]	[illegible]	[illegible]	[illegible]
Monetary gold (increase −)	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]

* The sign indicates credit; minus sign indicates debit.

(Sources: UNO, Balance of Payments Yearbook, vol. 4, 1950-1, p. [illegible]; based on official statistics.)

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Table 6

LEBANON: BALANCE OF PAYMENTS, 1950–1*
(£L. million)

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A. Goods and services	
Exports, f.o.b.	110·8
Imports, c.i.f.†	−326·3
Trade balance	−215·5
Foreign travel	19·0
Transportation	49·0
Investment income	−7·5
Government, not included elsewhere	8·0
Other services	18·5
Total	−129·5
B. Private donations and capital movements	
Donations	101·9
Long-term capital	23·9
Short-term capital	9·8
Total	135·6
C. Net errors and omissions	4·6
D. Surplus (A through C)	0·7
E. Compensatory official financing	
Short-term assets (increase −)	21·8
Monetary gold (increase −)	−14·5
Total	−0·7

* No sign indicates credit; minus sign indicates debit. Year ended 31 March 1951.
† Including non-monetary gold.

(Sources: IMF, *Balance of Payments Yearbook*, vol. 4, 1950–1, p. 184; based on official statistics.)

SYRIA AND LEBANON

During the recent war there was an expansion of cultivation in Syria as a result of high prices and mechanization. The previous table shows the cultivable and cultivated land in different provinces and the distribution of these areas in 1943.

Little is known about the rate of population growth, but it is believed to be rapid. According to the most recent estimates the total in 1944 was 3,987,012, of which the population of Syria was 2,860,411 and of the Lebanon 1,126,600. The population of Syria was divided as follows:

SYRIA: POPULATION AT END OF 1943

Province	Total
Latakia	452,597
Aleppo	870,139
Hama	157,458
Homs	212,484
Hauran	112,841
Damascus	619,889
Euphrates	225,023
Jezira	126,001
Jebel ed Druz	84,128
Totals	2,860,411

(This estimate excludes the Bedouin, whose number is estimated at 470,000.)

About three-quarters of this total, or about 2·1 million, are rural. The amount of cultivated land per head is 2½ acres, but because cultivation is so extensive the area actually cropped is only some 1½ acres.

Lebanon, by contrast with the dry plains of Syria, is intensively cultivated because of the high rainfall on the coast line; yields per acre are higher, and crops are more diversified, including citrus, olives, bananas; small irrigation schemes have been developed along the coast on the streams from the Mountain. The Lebanon depends for part of its grain supply on Syria, and all the cultivated land is cropped. The cultivated area in 1943 amounted to 1·3 million acres. The total population in 1944 was estimated to be 1,126,600; of this probably about 750,000 are rural, and the amount of cultivated land is about 1½ acres per head.

Grain production in Syria and Lebanon together before 1939 averaged 800,000 tons and rose to about 1 million tons during the recent war.

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COTTON IN LEBANON

Table 40

LEBANON: Specified Imports as Per Cent of Total Imports
1937, 1948, 1950, and 1951
Value

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Item	1937	1949	1950	1951
	Per Cent			
Cotton Fabrics	18	6	8	8
Other Textiles	16	11	12	10
Machinery and Vehicles	6	25	12	11
Iron, Steel, and Manufactures	2	12	6	6
Other	58	49	67	66
Total	100	100	100	100
Total Value Converted to Millions of Dollars	56	215	92	124

Note: Imports of the Syrian-Lebanese Customs Union through March 15, 1950.
Source: International Monetary Fund.

Table 41

LEBANON: Specified Exports as Per Cent of Total Exports
1937, 1948, 1950, and 1951
Value

Item	1937	1949	1950	1951
	Per Cent			
Textiles	55	59	59	59
Olive Oil	10	1		
Vegetables	5	6	10	6
Fruits and Nuts	9	9	7	10
Hides, Skins, and Furs	6	1	6	5
Grains	4	10	4	
Others	21	14	14	17
Total	100	100	100	100
Total Value Converted to Millions of Dollars	17	44	29	41

Note: Exports of the Syrian-Lebanese Customs Union through March 15, 1950.
Source: International Monetary Fund.

are produced under dry-land conditions. In the eastern plains and valleys, 241
where less rain falls, all summer crops are irrigated.

Most of the farms in the mountainous areas are owner-operated and [425]
have been in the same families for generations. This has tended to reduce
the size of individual holdings to uneconomic proportions.

Agriculture in Lebanon, as in most Middle East countries, exhibits strong contrasts between the old and the new. The hand of the past is still heavy upon farming practices, but modern methods and machines are making steady inroads.

The country has never been self-sufficient, importing usually two-thirds 241
of its cereals and significant quantities of other agricultural commodities. 428
Food imports normally come from Syria but relations with that country now are strained. The Lebanese do not like this dependence upon imports for food. They remember the hungry days during both World Wars when imports were shut off. They want to become more self-sufficient and, at the same time, to

29:Dunn S-4 (1952)1952 MI Middle East:
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COTTON IN LEBANON

There are said to be five cotton gins in the country, all owned by textile mills. Several are new gins, including one new one. 248

No one expects cotton acreage to climb appreciably, even though cotton normally returns more money to the farmer than other general crops, particularly in years of high prices. Government agricultural officials and technical assistance people agree that farmers are simply more interested in other crops and the country as a whole considers food crops more important.

The consensus is that the crop may expand by a few thousand bales if the price is favorable.

COTTON TEXTILES

The cotton spinning industry has about 70,000 spindles, of which 54,000 were operating in early 1952. The weaving industry reports 969 power looms, about 300 hand looms, and a number of small knitting mills operating at capacity. The spindles and most of the power looms are located in six mills which are privately owned by Lebanese industrialists. Most of these spinning mills were built in the late thirties. Some installed second-hand equipment though the majority bought new equipment from Germany, France, United Kingdom, and Japan. Spinning capacity has remained fairly stable during the past few years but knitting and weaving capacity has expanded considerably. 248 [64]

Until the dissolution of the customs union with Syria in 1950, the industries of the two countries were complementary. Lebanon sold from 50 to 60 per cent of its yarn to Syria and bought cloth. The imposition of duties by Syria and the expansion of the Syrian spinning industry virtually stopped this trade. The Lebanese now want to install more looms to balance their mills and consume the output of yarns. Expansion of the cotton textile industry is expected to be along these lines. [64] 409

At present the cotton textile industry is protected by import duties which average about 30 per cent ad valorem. There are complaints by some local industrialists that this is not adequate. Others maintain that relatively low wages and comparatively high machine efficiency enable them not only to operate successfully in the domestic market but also to compete to a limited extent on the foreign market. These two opinions, reported by the American Vice Consul in Beirut who has studied the industry, likely reflect the range of efficiency. [61]

Cotton yarn exports in 1951 totaled 680 tons in counts from 12s to 40s. This went primarily to Rumania, Pakistan, Cyprus, Aden, Egypt, and Belgium. In the same year the country exported 1,137 tons of cotton cloth, mostly coarse gray goods to Italy, Sudan, Iraq, and other neighboring countries. Imports of piece goods at 1,500 tons were almost equal to exports. Imports for the most part were dyed and printed goods in the specialty lines. 439

Normally Lebanese mills use about 80 per cent Syrian cotton and the balance local and Egyptian. The sources in 1951 were: Syrian, 60 per cent; Lebanese, 20 per cent; Egyptian, 10 per cent; and American, 10 per cent.

ent farmers. Large holdings, owned by absentee landlords and worked according to the share-tenancy system, predominate, however, in the Bekaa valley, in the 'Akkar plain and in the province of South Lebanon.

A diversity of crops is grown in different parts of the country. The subtropical climate of the coastal plain permits the cultivation of citrus fruits and bananas, while olives, grapes, apricots and other fruits flourish on the terraced mountain slopes. Cereals and legumes are the chief crops of the Bekaa, but cotton, tobacco and numerous types of vegetables are also produced. Large numbers of goats, as well as sheep, cattle and other livestock, are raised, primarily as food or draft animals. Sericulture is carried on in many mountain villages, but the competition of artificial silks has contributed to its decline within recent years. The government encourages the expansion of agriculture through the promotion of cooperative credit and marketing facilities. There are no experimental farms or research stations, but instruction in modern methods of farming is provided by the agricultural division of the government's vocational school in Beirut and by the American University.

The mineral resources of the region are negligible. Small deposits of lignite, located in the hills above Beirut and Tripoli, are worked intermittently. Salt is also extracted in evaporating beds along the coast north of Beirut. The development of modern industry received some impetus during the war years 1941-45, but is handicapped by the scarcity of raw materials and the limitations of the internal market. Numerous small plants exist for the processing of consumer goods, including the manufacture of textiles, cement, soaps, distilled liquors, leather goods, cigarettes, olive oil and various foodstuffs. The Iraq Petroleum Company has recently established a refinery at Tripoli, the terminus of its pipeline from the oil fields in the Kirkuk region. The chief exports are olives and olive oil, textiles, silk, fruits and petroleum products.

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in the form of cheese, buttermilk and *leben*, the last a fermented product made from cow's milk. Fresh milk is rarely used, however, except in limited sections in the larger cities. In the rural districts, milk is obtained chiefly from sheep and goats, less frequently from cows. Legumes, potatoes, onions and other vegetables are widely cultivated. Green, leafy varieties are scarce in the inland districts, but wild herbs are often utilized as substitutes. Many types of fruits are abundant, especially in the coastal valleys. They form important supplementary items of diet when in season.

Much of the meat is imported from Syria or Turkey, but relatively little reaches the people outside the larger towns. The average villager seldom consumes meat more than once a week. Mutton and, secondarily, beef are used most extensively. Both are employed, in a cooked or a raw state, in *kubi*, a national dish prepared from meat and *burghul*. Goat meat is found everywhere, while pork is available in the Christian communities. Poultry and eggs are plentiful in most localities and fish in the coastal region. Olive oil and butter are the primary sources of fats.

In spite of the generally satisfactory level of nutrition, a definite decrease in the consumption of protective foods is apparent in the inland districts and in South Lebanon. In 1950, the Lebanese government appointed a Nutrition Committee to promote a better understanding of the elementary principles of nutrition among the people. The different religious customs of the Moslem and the Christian communities influence their nutritional habits and limit the application of mass educational measures.

Housing

Lebanon has a large so-called middle class, and the disparity between the living conditions of the rich and the poor is less pronounced than in most of the neighboring countries. Moreover, many families maintain financial and social contacts with

67: United Nations S-5 (1945-1954) 1955 ME Middle East
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Chapter 6

LEBANON

Developments to the End of the Second World War

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Lebanon's high economic level, compared with other Middle Eastern countries, is largely attributable to certain factors which helped to improve economic and social conditions, 1/ from early modern times. A relatively greater degree of security in Lebanon attracted European merchants, who provided an expanding market for Lebanese raw silk; it also brought in missionaries and educators, who established modern schools. In the second half of the nineteenth century, large-scale emigration began. It is estimated that, between 1860 and 1900, some 120,000 persons emigrated from Lebanon and Syria - an average of 3,000 a year, of whom over half were from Lebanon. In 1900-14, the yearly average rose to 15,000. 2/ A large number of these emigrants returned, bringing back with them capital and skills. There was also a small capital inflow from Europe, which was invested in railways, ports and other public utilities, as well as in banks. By 1900, Beirut had become the main distributing centre for Lebanon, Syria, Palestine, northern Iraq and southern Anatolia. Another important economic item was the export of raw silk.

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During the First World War, Lebanon, which had become a food importer, experienced a large-scale famine. In addition, its silk industry was disorganized, the mulberry trees being cut down for fuel, and its transit trade was disrupted. In the inter-war period, silk suffered further, from the competition of more efficient producers and of rayon, and gradually ceased to play an important part in the economy. A still harder blow was the decline in emigration, following restrictions imposed in most countries of immigration. After reaching a peak of 16,000 in 1925, emigration from Lebanon and Syria fell off rapidly to an annual average of 2,000 in the nineteen-thirties, of whom slightly over half came from Lebanon.

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1/ Net national income in 1950 was estimated at 1,000 million Lebanese pounds (see table 43), giving a per capita figure of LL 900 per annum. (Some confirmation of this figure is provided by a survey in North Lebanon which showed that in 1953 per capita income in a group of villages was LL 627. This figure does not include rent, since practically all families own their own houses (Salah H. Sawaya, Household Income and Expenditure in Al Kura, unpublished thesis, American University, Beirut, 1955)). Converted at the average free market rate (in 1950 one United States dollar equalled 3.47 Lebanese pounds), which considerably undervalues the purchasing power of the Lebanese pound, this gives a per capita income of $250, a figure well above that prevailing in the region. Some two thirds of the Lebanese population is literate, and over 40 per cent is urban, proportions which are well above the regional level.

2/ S.B. Himadeh (editor), The Economic Organization of Syria (Beirut, 1936), page 16.

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Other sources of income were developed, however. Although the breakup of the Ottoman Empire and the erection of tariff barriers in the successor states handicapped Lebanon's transit trade, Beirut continued to be an important distributing centre. In this it was helped by the enlargement of its harbour and by the construction of a good network of roads. These improvements, together with the development of public utilities and hotels, attracted to Lebanon an increasing number of Middle Eastern tourists.

In agriculture, the most important development was the expansion in the acreage planted to olive and fruit trees, and the improvement in quality. The tariff protection gradually accorded after 1924 also stimulated industry. At the outbreak of the Second World War, some 20,000 persons were employed in factories and small workshops, including craftsmen engaged in such traditional seasonal occupations as silk reeling. 1/

During the Second World War, the large-scale expenditure of Allied troops raised incomes and prices, 2/ and the reduction of imports further stimulated industrial production. This increase was achieved with existing equipment, since no machinery could be imported.

Another result of the war was the improvement of communications. The forced savings due to inflation and the shift to profits took the form of francs and sterling balances held by Lebanese individuals and institutions.

Post-War Period, 1945 to 1954

Since 1945, the national income of Lebanon has increased considerably, and available data indicate a rise in consumption. The dissolution in 1950 of the customs union 3/ with Syria, which had constituted Lebanon's most important market, caused a setback, compensated in recent years, it appears, by the over-all growth.

Emigration, which had almost ceased during the war years, recovered in the post-war period. In recent years it has averaged over 3,000 per annum, 4/ compared with an annual natural increase of about 15,000. Emigration was, however, offset by an influx of over 100,000 Palestinian Arab refugees in 1948 and 1949. The maintenance of these refugees by the United Nations Relief and Works Agency for Palestine Refugees has largely shielded the Lebanese economy from their impact, though many have found employment in the country while a few brought some capital with them and started new enterprises.

1/ The number of industrial establishments rose from 400 in 1930 to 900 in 1939, according to Mustafa el Husuly, "Min al hirfa ila al sinaa", in Muhadarat al nadwa (Beirut, 1953).

2/ From 1940 to 1944 inclusive, Allied expenditure in Lebanon and Syria totalled £76 million (sterling). From 1939 to 1945 inclusive, Lebanon and Syria had a surplus of 607 million Lebanese-Syrian pounds on current account. The wholesale price index in Beirut rose from 100 in June 1939 to a peak of 1,205 in January 1945.

3/ See chapter 7.

4/ Emigration in 1951 totalled 4,077, in 1952 it was 2,725 and in 1953 it was 3,315 (Le Commerce du Levant, 9 October 1954, Beirut). A significant proportion of emigrants went to the Persian Gulf area.

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brought some capital with them and started new enterprises. Another important factor was the impact on Lebanon of the development of Middle Eastern petroleum resources, an impact which exceeded that exerted on any other non-producing country in the region. Three pipelines have their terminal in Lebanon: two Kirkuk-Tripoli lines, completed in 1934 and 1949, and the line connecting the Arabian oilfields with Sidon, completed in 1950. A refinery was built in Tripoli and another near Sidon. Lebanon has also benefited from the location of offices of oil companies in Beirut. In addition, it has received many tourists, as well as some capital, from the oil producing countries and has supplied exports to these countries: for example, fresh fruit and vegetables sent by air or truck or, more recently, by refrigerated ships. Finally, royalties paid to the Government by the oil companies for pipeline use have increased in recent years.

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The development of transit trade has also contributed to the national income. The increase in such trade was made possible by enlargement and improvement of the port of Beirut shortly before the Second World War, development of inland communications, provision of refrigerated storage and other storage facilities and extension of the free zone in the harbour from 8,000 square metres in 1939 to 75,000 in 1952 and 106,000 in 1955. Although the development of Latakia has diverted some of Syria's trade, Beirut still handles a substantial proportion of that trade as well as a large fraction of that of Jordan, which previously passed through Haifa. The opening of a new airport in Beirut, in 1950, has also stimulated transit of goods and passengers.

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In recent years, Beirut has been the centre of a large and widespread gold trade. The relaxation and subsequent disappearance of exchange controls has also greatly increased the importance of Lebanon as an international financial centre. Tourism has increased in scope and continues to play a significant part in the country's economy.

Agriculture

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Despite large-scale emigration to the cities and abroad, nearly half the Lebanese population still earn a livelihood in agriculture. Since agriculture accounts for less than one fifth of the national income (see table 45), per capita income in agriculture is well below the average in other sectors. The possibilities for raising agricultural income by extending cultivation are, however, very limited. According to the latest estimates, of the total area of 1,038,000 hectares, 575,000 hectares consist of rocky, waste or built-up areas; 74,000 consist of forests; 115,000 are judged to be cultivable, though at present uncultivated; and 273,000 are under cultivation. Of the cultivated area, 48,000 hectares are irrigated and 225,000 are rainfed, but irrigation projects under way or due to be undertaken in the near future will bring 54,000 hectares of rainfed land under irrigation. 1/ The reclamation of the 115,000 hectares judged to be cultivable would involve heavy capital outlay, since most of this land is mountainous. Hence, in recent years, efforts have been mainly concentrated on intensifying agriculture.

1/ Figures from an unpublished paper prepared in the Ministry of Agriculture in 1950. Cultivated land per capita of agricultural population is thus only about 0.4 hectare, of which less than a fifth is irrigated.

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This has been achieved by increasing production of fruit and vegetables, for both of which Lebanon has great natural advantages. The topography of the country and the unequal distribution of rainfall provide a diversity of climate which makes it possible to grow tropical fruits, sub-tropical fruits and fruits of the temperate zone. Soils are also sufficiently varied to suit a wide range of crops. Water is usually available in sufficient quantity, either as rainfall or from small-scale irrigation schemes. Plant diseases and pests are less prevalent than in most parts of the Middle East. The density of the rural population has made it profitable to concentrate on labour-intensive crops, while the relatively high level of education in country areas has encouraged innovation. The broken nature of the land has prevented large-scale mechanization, except in the plains, and has favoured crops which require little land, as has the prevalence of small-scale ownership. 1/ Finally, Lebanon's location has given it access to several important markets, such as Egypt for deciduous fruits, Syria and the Persian Gulf area for most fruits and vegetables, Palestine (until 1948) for vegetables, and Europe for early ripening varieties of citrus fruit and apples.

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The expansion of fruit and vegetable crops was made possible by heavy capital investment. New terraces were built on mountain slopes, and old ones were repaired and strengthened. Various small-scale works carried out since 1942 have substantially increased the irrigated area. The use of selected seeds has considerably increased, as has that of chemical fertilizers. Before the Second World War, some 5,000 tons of chemical fertilizers were imported into Lebanon and Syria yearly. In 1947, Lebanon alone used 8,500 tons 2/ and 1951-53 imports into Lebanon averaged 35,000 tons. Lastly, there has been a rapid expansion of refrigerated storage space facilities. 3/ The greater part of the necessary capital came from outside agriculture, especially from commercial profits and incomes earned in services; the irrigation works were financed through the budg

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The rise in output of fruit and vegetables may be illustrated by citrus fruit, which increased from 70,000 tons in 1944 to 200,000 tons in 195- and

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1/ No general figures on land distribution are available but on the basis of information gathered in the course of a village survey jointly undertaken in 1953 by the Lebanese Office of Statistics and the United States Foreign Operation Administration, the following estimate may be made: some 40 per cent of the land is in holdings of 100 hectares and above and 15 to 20 per cent in holdings of 20 to 100 hectares; the total number of large and medium holders is 6,300. The remaining 70,000 75 per cent belongs to 155,000 small-holders, most of whom own less than two hectares. There are few landless cultivators, and most of these rent land from the larger owners ("Proceedings of the Agricultural Credit Conference", Beirut, 12-14 October 1953).

2/ Sir Alexander Gibb and partners, The Economic Development of Lebanon (London, 1948), page 45. A treasury show that 48 per cent consisted of nitrogenous fertilizers, 33 per cent of superphosphates and 19 per cent of potash. Some 57 per cent of the total was applied to potatoes, 29 per cent to other vegetables and 13 per cent to fruit.

3/ The present capacity of refrigerators is estimated at over one million crates, or about 2,...,000 tons. Le Commerce du Levant, 1 October 1954. Capital invested in refrigeration totalled L.L. 8 million in 1952, and has considerably increased since then.

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in 1945 to 1,120 in 1952; part of this is exported. Output of underwear and hosiery has also increased, from 18 tons in 1945 to 510 in 1952. 1/ 288

Other industries include soap making, with an annual output of 6,000 tons; tanning, with an annual output of 2,000 tons; electric bulbs, of which 500,000 are produced each year; and various iron and steel products, of which 8,000 tons were produced in 1952, compared with 900 in 1945. 388

Among the difficulties facing Lebanese industry, the most important is the very restricted market, due to the smallness of the population; this is only partly offset by the fact that per capita income is higher than in other Middle Eastern countries. The market is further restricted by the marked consumer preference for foreign goods, which, owing to the relatively liberal trade policy of the Government, has been allowed greater latitude than in other parts of the region. Another adverse factor has been the loss of the Syrian market, in which several Lebanese industries, notably cotton yarn, tanning, chemicals and beer, sold a large proportion of their output. Successful attempts have been made to open export markets, for example, for vegetable oils in Cyprus, France and Egypt, for cotton yarn in some western European countries and for cloth in India, Pakistan and West Africa. The precariousness of these markets was shown, however, when, during the depression in the world textile industry in 1952, restrictions were imposed on imports from Lebanon. Similarly, a barter agreement in 1953 with Pakistan, under which Lebanon imported raw cotton and exported yarn, was not renewed. As Lebanese plants seem to be somewhat larger than the regional average, 2/ the shrinkage of the market has forced most of them to work well below capacity, thus raising unit costs. 438

Another obstacle is the scarcity of raw materials; except for food processing industries, Lebanon is heavily dependent on imports. Moreover, in spite of a marked improvement in quality, it is still difficult to obtain sufficient quantities of uniform local produce. The dissolution of the customs union with Syria has also affected the supply of raw materials since there was formerly a greater amount of mutually advantageous specialization; for example, cotton-seed oil was imported from Syria for soap making, while Lebanese olive oil was exported to Syria. This factor has restricted the range of Lebanese industries; in 1950, three groups - food, textiles and non-metallic minerals - accounted for 60 per cent of the labour employed in all industry, 62 per cent of the capital invested and 58 per cent of the value of gross and net output. 3/ Nevertheless, 433 [437]

1/ Figures from the Ministry of National Economy.

2/ The average number of persons employed per establishment in Lebanon in 1948 was 17, compared with 14 in Egypt in 1947, and 14 in Palestine in 1948. Capital investment per establishment was LL 85,000, against LL 57,000 in Egypt and LL 48,000 in Palestine, and gross output per establishment LL 147,000, against LL 65,000 and LL 90,000, respectively (Albert Y. Badre, "National Income of Lebanon", Monograph No. 3). The industrial census of 1950 showed that, of the 1,444 firms listed, 25 had a capital of LL 1,000,000 or over, 29 had LL 500,000 to LL 1,000,000 and 45 LL 250,000 to LL 500,000 while, at the other end of the scale, 381 had a capital of LL 10,000 to LL 25,000 and 249 LL 5,000 to LL 10,000 (Ministry of National Economy, Bulletin statistique trimestriel, October 1951).

3/ Badre, op. cit.

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and bottling machinery were reduced. 1/ At present, most imports competing with local manufactures are subject to an effective duty of 25 to 30 per cent, and grains, industrial machinery and most raw materials enter duty free. 2/ The Government has also attempted to open new markets for Lebanese goods through bilateral commercial treaties or through inter-Arab States agreements.

The Government has, moreover, sought to promote industrial investment by exempting from income tax new establishments with a capital of over LL 1 million (see below). The newly founded Agricultural and Industrial Bank will help to provide industrial credit, the scarcity and high cost of which constitute a major obstacle to development. Another step taken by the Government, with United States aid, has been the establishment in 1953 of an Industrial Institute. The object of this Institute is to undertake production and marketing studies for projected enterprises, to carry out laboratory tests and to assist existing enterprises in matters of modernization and optimum utilization of equipment and use of raw materials and by-products. A pilot plant is being set up. The Institute will be administered by representatives of Government, industry and the Foreign Operations Administration of the United States.

The Government has also taken steps to increase the production of electricity and to reduce its cost. Following a consumers' strike and the refusal of the principal concessionary company to expand its plant, the Government, in 1952, reduced charges by 22 per cent, temporarily took over administration of the company and accelerated the construction of generators. In 1954, it bought out the company for LL 25.5 million, a price agreed upon by both parties. The completion in 1954 of a hydroelectric plant at Nahr el Bared, with a capacity of 9,000 to 18,000 kilowatts, has temporarily met the country's needs; long-term plans are discussed below.

Foreign trade and balance of payments

The development of agriculture and industry, described in the previous sections, has not basically altered Lebanon's character as a provider of services, a fact which accounts for both its high level of trade and its large import surplus. Table 46 shows that, since the ending of the customs union with Syria in March 1950, both imports and the import surplus have tended to increase. Lebanon's imports are among the most diversified in the region. Exports are also diversified, including fruits, vegetables, vegetable oil and textiles, cement and other manufactured goods; in contrast to other Middle Eastern countries, which are highly dependent on two or three products, no single item accounted for more than 5 per cent of Lebanese exports in 1952 or 1953. The chief market for Lebanese exports in 1953 was Syria, followed by Saudi Arabia, France, Egypt and the United States; the chief supplier was also Syria, followed by the United States, United Kingdom, France and the Netherlands.

In recent years Lebanon has sought to promote its exports by means of bilateral commercial agreements. Since March 1950, trade with Syria has been

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1/ United States Department of Commerce, Foreign Commerce Weekly, 22 November 1954 and 31 January 1955 (Washington, D.C.).

2/ Raja Khaddaj, The Fiscal System of Lebanon (unpublished thesis presented to the American University, Beirut, 1953).

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Table 46. Lebanon: Foreign Trade and Transit Trade, 1950 to 1954
(Millions of Lebanese pounds)

Item	1950 a/	1951	1952	1953	1954 b/
Foreign trade:					
Special imports	183.6	238.4	308.5	314.3	288.3
Special exports	51.9	88.7	77.4	87.5	57.5
Re-exports (merchandise)	1.9	1.6	3.9	3.0	1.8
Total	53.8	90.3	81.3	90.5	59.3
Import surplus	129.8	207.1	287.2	223.8	229.0
Transit trade:					
Re-exports (en-bond)	1.5	6.6	15.6	9.2	8.0
Merchandise transit	220.2	323.1	387.6	304.8	259.9
Petroleum	111.1	459.1	471.2	472.8	349.3
Total	334.8	788.8	874.4	786.8	617.2
Trade in gold:					
Special trade:					
Imports	61.2	22.4	38.6	47.4	52.4
Exports	15.2	8.0	-	0.2	9.1
Transit trade	177.5	394.6	259.9	285.3	147.3

Source: Ministry of National Economy, Bulletin statistique trimestriel.

a/ 14 March to 31 December.

b/ Nine months.

carried on under a series of temporary agreements, pending a lasting settlement. Under an agreement signed in 1951, Iraq abolished duties on most Lebanese fruits and Lebanon granted facilities to Iraqi merchants using the free zone in Beirut. In the same year a trade and payments agreement was signed with Egypt. In 1952 Jordan admitted Lebanese agricultural products free of duty, and both countries reduced duties on industrial goods exported to one another; transit formalities through Lebanon were also simplified. In the same year Lebanon and Czechoslovakia undertook to buy a minimum of LL 5 million worth of goods each year from one another. In 1954 an agreement with eastern Germany provided for the purchase of $1 million worth of goods by each country and another agreement with the Union of Soviet Socialist Republics provided for the purchase of LL 10 million of goods by each country. Other agreements were concluded with western Germany and

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Table 47. Lebanon: Principal Items in Balance of Payments, 1951 and 1952

(Millions of Lebanese pounds)

Item	1951			1952		
	Credit	Debit	Balance	Credit	Debit	Balance
Goods and services:						
Merchandise trade[a/]	139.9	436.4	-311.5	122.1	454.2	-332.1
Non-monetary gold	15.2	14.3	0.9	25.0	36.5	- 11.5
Foreign travel	35.0	14.7	20.3	47.6	23.1	24.5
Transport and insurance	16.3	9.2	7.1	21.2	8.5	12.7
Investment income	15.6	11.8	3.8	16.2	9.2	7.0
Government transactions	79.5	9.8	69.7	72.2	6.6	65.6
Transit	113.1	-	113.1	95.4	-	95.4
Total	435.3	496.2	- 60.9	435.7	538.1	-102.4
Private donations and capital movements:						
Emigrants' remittances and transfers	58.4	4.0	54.4	71.7	2.7	69.0
Government transactions	0.5	-	0.5	2.5	-	2.5
Charitable and cultural institutions	10.2	-	10.2	13.5	-	13.5
Capital movements	...	...	14.7	...	...	43.7
Total	...	...	79.8	...	...	128.7
Surplus	...	...	18.9	...	...	26.3
Compensatory financing:						
Monetary gold (increase -)	...	...	- 23.9	...	...	- 15.4
Short-term assets (increase -)	...	...	5.0	...	...	- 10.9
Total			- 18.9			- 26.3

Source: Edward Fei and Paul J. Klat, The Balance of Payments of Lebanon, 1951 and 1952 (Beirut, 1954).

a/ Adjusted for exchange rates, etc.

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Table 45. Lebanon: Traffic through Port of Beirut and International Airport, 1938 and 1945 to 1954

(Thousands of metric tons)

Year	Port				Airport			
	Number of ships entering	Net registered tonnage	Goods loaded	Goods unloaded	Number of planes arriving	Number of passengers: Ordinary	In transit	Freight
1938	2,128	2,630	110	522	-	-	-	-
1945	765	385	37	128	-	-	-	-
1946	1,160	1,050	87	300	-	-	-	-
1947	1,470	1,637	63	457	-	-	-	-
1948	1,744	1,902	119	773	-	-	-	-
1949	1,821	2,388	143	826	-	-	-	-
1950	2,109	2,561	219	895	-	-	-	-
1951	2,058	2,921	285	911	9,211	30,280	28,120	...
1952	2,044	3,105	242	879	10,540	[illegible]	66,734	1.3
1953	2,220	3,569	305	949	11,868	98,184	70,975	1.5
1954	2,342	3,921	376	1,129	13,358	125,118	83,196	1.6

Source: Ministry of National Economy, Bulletin statistique trimestriel.

Yugoslavia. Lebanon ratified the Inter-Arab trade and payments agreement in 1953. 1/

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The deficit in the balance of trade has been largely covered by the following items: income arising from the transit trade and from financial services; expenditure by tourists; government receipts from the petroleum companies and other sources; and donations (see table 47).

Table 48 shows the rapid increase in activity at the port and airport of Beirut, while table 46 shows the value of merchandise, gold and petroleum passing through Lebanon in transit. It has been estimated that, in 1952, some 50,000 passengers and 400,000 tons of goods, other than petroleum, passed in transit, mainly to or from Syria, Jordan and Iraq, and, to a lesser extent, Iran. 2/ The Government has sought to promote transit trade by extending the free zone in the

1/ See the Introduction to this report.

2/ Baron Maxime de Dampet, "Le transit, vocation du Liban", Les Conférences du Cénacle (Beirut, 1953).